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TRADE AND DEVELOPMENT BOARD
COMMISSION ON ENTERPRISE, BUSINESS FACILITATION AND DEVELOPMENT
Expert Meeting on Improving Competitiveness of SMEs in Developing Countries: The Role of Finance, Including E-Finance, to Enhance Enterprise Development
Geneva, 22-24 October 2001
Item 2 of the provisional agenda

PROVISIONAL AGENDA AND ANNOTATIONS

I. PROVISIONAL AGENDA

1. Election of officers

2. Adoption of the agenda and organization of work

3. Improving competitiveness of SMEs in developing countries: the role of finance, including e-finance, to enhance enterprise development

4. Adoption of the outcome of the Expert Meeting

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II. ANNOTATIONS TO THE PROVISIONAL AGENDA

Item 1 – Election of officers

1. In accordance with established practice, it is suggested that the Expert Meeting elect a Chairperson and a Vice-Chairperson-cum-Rapporteur.

Item 2 – Adoption of the agenda and organization of work

2. Concerning the organization of the work of the session, the Expert Meeting has three working days available. It is therefore suggested that the first plenary meeting, on 22 October, be devoted to procedural matters (items 1 and 2) and the introduction of item 3. Subsequent meetings will be devoted to a detailed discussion of item 3. The last plenary meeting, on the afternoon of 24 October, will be devoted to the adoption of the outcome item 4.

3. The secretariat will prepare a tentative schedule indicating the issues to be dealt with by the meeting, which will be available on the first day.

Documentation

Item 3 – Improving competitiveness of SMEs in developing countries: the role of finance, including e-finance, to enhance enterprise development

4. The UNCTAD X Plan of Action recognized that the survival and the growth of SMEs require the adoption of policies and programmes that improve their competitiveness. The main problem hindering the growth of SMEs is a lack of access to capital. The difficulties that face SMEs in obtaining long-term financing are well known. The fifth session of the Commission on Enterprise, Business Facilitation and Development, held in Geneva from 22 to 26 January 2001, recommended that UNCTAD "undertake further research and analysis on certain topics, such as financing SMEs,"[1] and proposed that an Expert Meeting be held on improving the competitiveness of SMEs in developing countries through adequate financing.

5. Despite their large numbers and importance in job creation, SMEs have traditionally had difficulty in obtaining formal credit or equity. The main reasons for this phenomenon have been recognized as SMEs' insufficient assets and low capitalization, the high risks caused by their vulnerability to market fluctuations, their lack of accounting records and of business plans, and the relatively high administrative and transaction costs of lending or investing small amounts. As a result, commercial banks are generally biased towards large corporate borrowers. Without access to capital, enterprises cannot expand or upgrade technology. The Expert Meeting will identify innovative

[1] TD/B/COM.3/L.15.

financial mechanisms which can overcome these problems and design an action plan to disseminate their use with the help of the international community.

6. Moreover, the radical changes imposed by the so-called New Economy have made the creation of an enterprise-friendly regulatory environment and transparent economic conditions an urgent task. The opportunities for doing business in virtual proximity and at a fraction of current transaction costs open new horizons for SMEs. Consequently, it is UNCTAD's aim to explore at the Expert Meeting the new opportunities for SMEs from developing and transition economies to make and receive on-line payments, enter Internet-based commercial risk databases and obtain access to e-finance on more competitive terms.

Item 4 – Adoption of the outcome of the Expert Meeting

7. The Expert Meeting will adopt the outcome of its deliberations, and the Chairperson may wish to produce a Chairperson's summary. The final report will be prepared under the authority of the Chairperson after the conclusion of the session for submission to the Commission on Enterprise, Business Facilitation and Development at its sixth session.